

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 18423 01 OF 02 300102Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 CAB-02 DODE-00
DOTE-00 FAA-00 L-03 IO-14 ICA-11 AGRE-00 SS-15
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R 281624Z SEP 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8987
INFO ALL EC CAPITALS

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 18423

USEEC

E.O. 11652: N/A
TAGS: ETRN, EWWT, EAIR, EEC
SUBJECT: US/EC CONSULTATIONS ON TRANSPORTATION ISSUES

REF: STATE 203367

1. SUMMARY: DEPUTY ASSISTANT SECRETARY JAMES ATWOOD MET WITH EC COMMISSION DIRECTOR-GENERAL FOR TRANSPORT RAYMOND LE GOY AND MEMBERS OF HIS STAFF ON SEPTEMBER 21 FOR INFORMAL CONSULTATIONS ON TRANSPORTATION ISSUES. THEIR DISCUSSIONS COVERED THE EFFORTS OF THE EC TO DEVELOP A COMMON TRANSPORT POLICY, ESPECIALLY IN THE MARITIME AND CIVIL AVIATION AREAS, AN EXPLANATION OF U.S. MARITIME AND INTERNATIONAL AIR TRANSPORTATION POLICIES, AND OTHER ITEMS OF MUTUAL INTEREST. END SUMMARY.

2. UN CODE OF CONDUCT FOR LINER CONFERENCES.
EC TRANSPORT OFFICIALS EXPLAINED THEIR EFFORTS TO EVOLVE A COMMON APPROACH TO THE CODE. THIS CALLS UPON THE EC MEMBERS STATES TO RATIFY THE CODE WITH CERTAIN
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PAGE 02 BRUSSE 18423 01 OF 02 300102Z

MODIFICATIONS, NAMELY EXEMPTING THE TRADE OF OECD COUNTRIES FROM THE CARGO SHARING PROVISIONS. THEY INDICATED TO US THAT THERE IS EMERGING A QUALIFIED APPROVAL OF THE CODE (WITH MODIFICATIONS) FROM ALL MEMBER STATES EXCEPT THE UNITED KINGDOM. THEY WERE HOPEFUL THAT A COMMON APPROACH TO THE CODE WILL BE APPROVED BY THE TRANSPORT COUNCIL IN NOVEMBER 1978. ATWOOD

EXPLAINED THAT THERE IS NO U.S. SUPPORT FOR THE CODE AND THAT THE UNITED STATES HAS LONGSTANDING POLICY OBJECTIONS TO SEVERAL KEY FEATURES, ESPECIALLY IN THE AREA OF CARGO SHARING. ATWOOD NOTED THAT IF THE EC ACCEPTS THE CARGO-SHARING PRINCIPLE, THIS MIGHT UNLEASH CARGO-SHARING ADVOCATES IN THE U.S. TO PRESS FOR SIMILAR PROVISIONS. MOREOVER, HE ADDED THAT THIS COULD SET A DANGEROUS PRECEDENT FOR OTHER TRADE MATTERS.

2. SHIPPING COMPETITION FROM STATE-TRADING COUNTRIES. EC OFFICIALS RECOUNTED THE JUNE, 1978 EC COUNCIL DECISION, WHICH REQUIRED THE MEMBER STATES TO SET UP THE MEANS FOR MONITORING THE SHIPPING ACTIVITIES OF THIRD COUNTRIES. THEY TOLD US THAT THE TRANSPORT COUNCIL IN NOVEMBER 1978 WILL CONSIDER A DRAFT PROPOSAL WHICH WILL APPLY THIS MONITORING MECHANISM TO SPECIFIC ROUTES (NOT COUNTRIES) WHERE COMPETITION FROM THIRD COUNTRIES (ESPECIALLY THE SOVIET UNION AND EASTERN BLOC COUNTRIES) IS PARTICULARLY STRONG. THE THREE TRADES TO BE MONITORED ARE: 1) JUNE, 1978 EC COUNCIL DECISION, WHICH REQUIRED THE MEMBER STATES TO SET UP THE MEANS FOR MONITORING THE SHIPPING ACTIVITIES OF THIRD COUNTRIES. THEY TOLD US THAT THE TRANSPORT COUNCIL IN NOVEMBER 1978 WILL CONSIDER A DRAFT PROPOSAL WHICH WILL APPLY THIS MONITORING MECHANISM TO SPECIFIC ROUTES (NOT COUNTRIES) WHERE COMPETITION FROM THIRD COUNTRIES
CONFIDENTIAL

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PAGE 03 BRUSSE 18423 01 OF 02 300102Z

(ESPECIALLY THE SOVIET UNION AND EASTERN BLOC COUNTRIES) IS PARTICULARLY STRONG. THE THREE TRADES TO BE MONITORED ARE: 1) WESTERN EUROPE/EAST AFRICA; 2) WESTERN EUROPE/NORTH ATLANTIC; 3) WESTERN EUROPE/CENTRAL AMERICA. ATWOOD EXPRESSED U.S. CONCERN ABOUT THE EFFECTS OF COMPETITION FROM STATE-TRADING COUNTRIES ON U.S. SHIPPING AND DETAILED THE NATURE AND STATUS OF SIMILAR LEGISLATION ("CONTROLLED CARRIER BILL") PRESENTLY BEFORE THE CONGRESS.

3. SHIPPING SAFETY AND POLLUTION PROTECTION. EC OFFICIALS STATED THAT COMMUNITY ACTION IN THIS AREA IS TO TAKE THE FORM OF COORDINATING MEMBER STATE POLICY WITHIN THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION (IMCO), COMPLEMENTING THE WORK OF IMCO, AND PROPOSING COMMON ACTION TO PROBLEM AREAS WHERE THERE IS NO IMCO ACTIVITY. AS AN EXAMPLE, THEY CITED THE JUNE 1978 COUNCIL RECOMMENDATION TO MEMBER STATES FOR RATIFICATION OF CERTAIN IMCO AND ILO CONVENTIONS RELATING TO SHIPPING SAFETY AND POLLUTION PREVENTION. ATWOOD REITERATED U.S. CONCERN IN THIS AREA AND STATED THAT THE DEPARTMENT IS WORKING TO MAKE SURE THAT PROPOSED

U.S. LEGISLATION IS CONSISTENT WITH PROTOCOLS ADOPTED
BY IMCO ON TANKER SAFETY AND POLLUTION PROTECTION.

4. COMPETITION RULES OF THE ROME TREATY AND SHIPPING:
EC OFFICIALS TOLD US THEY ARE PREPARING A DRAFT
REGULATION TO BE CONSIDERED BY THE TRANSPORT COUNCIL IN
NOVEMBER WHICH WOULD DEFINE HOW ARTICLE 85 (ANTI-
CARTELS-RESTRAINT OF TRADE) AND ARTICLE 86 (ABUSE OF
DOMINANT POSITION) OF THE ROME TREATY APPLY TO SHIPPING IN
GENERAL AND LINER CONFERENCES IN PARTICULAR. THEY
INFORMED US THAT THE DIRECTORATE-GENERAL FOR COMPETITION
(DG-IV) IS THE MAIN AUTHOR OF THE PROPOSED REGULATION,
IN CLOSE COOPERATION AND CONSULTATION WITH THE DIRECTORATE
FOR TRANSPORT (DG-VII). THEY SAID THE PROCESS IS GOING
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BRUSSE 18423 01 OF 02 300102Z

SLOWLY. THEY INDICATED THAT THIS DRAFT PROPOSAL WILL
ATTEMPT TO STRIKE A BALANCE BETWEEN THE STABILITY OF

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PAGE 01 BRUSSE 18423 02 OF 02 300538Z
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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 18423

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SERVICE PROVIDED BY CONFERENCES AND THE BENEFITS TO
USERS/PASSENGERS OF COMPETITION. THEY DESCRIBED THE
COMMISSION'S (AND THE ROME TREATY'S) ORIENTATION AS

ONE OF DEREGULATION IN SEA AND AIR TRANSPORT AS
OPPOSED TO THE MORE DIRIGISTE APPROACH OF THE EC
MEMBER STATES. THEY ADDED THAT ANY COMPETITION RULES
FOR SEA AND AIR TRANSPORT MUST BE MADE IN LIGHT OF
INTERNATIONAL CONDITIONS. THIS PROMPTED A GENERAL
DISCUSSION ON THE ROLE OF CONFERENCES IN US/EC MARITIME
SHIPPING. COMMISSION OFFICIALS NOTED THE PROBLEMS
BETWEEN THE U.S. AND SOME EC COUNTRIES ON THE ISSUE
OF THE REGULATION OF LINER CONFERENCES. ATWOOD
EXPLAINED U.S. SHIPPING POLICY AND PROVIDED AN UPDATE
OF U.S. ACTIVITIES IN THIS FIELD, NAMELY THE WORK OF
THE NATIONAL COMMISSION FOR THE REVIEW OF ANTI-TRUST
LAWS, THE INTERAGENCY SHIPPING REVIEW, AND PROPOSED
SHIPPING LEGISLATION BEFORE THE CONGRESS ("THE ANTI-
REBATING BILL"). HE EXPRESSED AN INTEREST IN THE EC'S
APPROACH TO COMPETITION IN SHIPPING, ESPECIALLY IN
LIGHT OF PAST AND CONTINUING ANTI-TRUST PROBLEMS
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PAGE 02 BRUSSE 18423 02 OF 02 300538Z

POSED BY LINER CONFERENCES. HE SUGGESTED THAT IF THE
EC ADOPTS A REGIME ON CONFERENCES, A MODUS VIVENDI MIGHT
BE POSSIBLE WITH THE U.S. APPROACH, AND SAID THIS
COULD HELP TO ELIMINATE SOME OF THE PROBLEMS IN THIS
AREA.

5. CIVIL AVIATION.

EC OFFICIALS TOLD US THEY ARE JUST BEGINNING TO EXPLORE
THE POSSIBILITIES OF COMMON ACTION IN CIVIL AVIATION
PURSUANT TO THE JUNE, 1978, MANDATE FROM THE COUNCIL.
THEY INDICATED THAT THEIR MAIN EFFORT IS DIRECTED
AT HARMONIZING TECHNICAL STANDARDS AND SAFETY PROCEDURES
(NOISE EMISSION, LICENSING, FACILITATIONS) AND RULES
FOR THE INTERNAL AVIATION MARKET (COMPETITION RULES
AND STATE AIDS). IN ADDITION, THEY HOPE FOR CLOSER
COOPERATION BETWEEN THE COMMISSION AND THE INTERNATIONAL
CIVIL AVIATION ORGANIZATION (ICAO), AND ARE LOOKING
TOWARD POSSIBLE EC OBSERVER STATUS WITH THE LATTER
ORGANIZATION. IN REGARD TO THE CIVIL AERONAUTICS
BOARD'S "SHOW-CAUSE ORDER" ON IATA'S RATE-SETTING
MECHANISM, EC OFFICIALS TOLD US THAT A CAREFULLY
WORDED COMMUNICATION ON THIS TOPIC CAN BE EXPECTED FROM
THE COMMISSION. ATWOOD EXPLAINED THE AIMS OF U.S.
INTERNATIONAL AIR TRANSPORTATION POLICY AND EXPRESSED AN
INTEREST IN FOLLOWING THE DEVELOPMENTS OF EC PROGRAMS IN
CIVIL AVIATION. HE SAID THAT THE U.S. WOULD WELCOME AN
ACTIVE ROLE BY THE EC COMMISSION IN ICAO ACTIVITIES.
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